

We, the undersigned, are organizations throughout the Upper Midwest engaged in energy and environmental policy. Some of our organizations work in states served by the WAPA system, others do not, but collectively we understand that the nation's electric grid is an increasingly integrated system that needs to be modernized in order to serve the nation with reliable, economical and hopefully cleaner power.

We wish to express our general support for the Secretary of Energy Chu's initiative to modernize the operations of the Federal Power Marketing Agencies. The grid as a whole, including the PMAs, should be more coordinated, flexible and reliable. WAPA and the other PMAs should also serve as a "Road to Market" for the immense renewable resources within the areas they serve.

There have been concerns raised by some WAPA preference customers about the cost of changes and improvements and about who would pay these costs. Many of the changes proposed – Energy Imbalance Markets, consolidation of Balancing Authorities, scheduling improvements, elimination of rate pancaking, etc – should in fact save or generate money for WAPA customers. We support the principle that "Beneficiaries Should Pay" as long as all benefits, including those that accrue to present customers, are properly accounted. We encourage DOE to provide analyses of these benefits and apportionment of costs; we expect that good analyses will reassure customers.

The organizations that are signatories to this letter feel that they are served by more renewable energy, and less fossil energy, generated in the WAPA region whether or not we are in states and regions that physically receive that power. We, in fact, have supported state, utility and national policies to increase the amount of renewable energy delivered through the national grid. Customers throughout the Upper Midwest do pay for renewable power and renewable credits and costs of transmission. This is an environmental benefit for us, since we are downwind of emissions and concerned about Climate Change, and a potential economic benefit to WAPA preferred customers and the regions they serve.

Climate Change is, in fact, presenting severe challenges to the Upper Great Plains and affecting the hydrological resources of the region, the operation of federal dams and the provisions of federal hydropower generated by those dams and transmitted to preference customers over the WAPA system. The region has rapidly cycled in the last few years from severe drought, to flood, back to drought. WAPA, as part of its modernization and planning effort, should address this issue directly.

We are aware that, especially in periods of drought, WAPA procures supplemental power to fulfill its obligations to customers. This power is primarily coal power - with associated air pollution, global warming, surface mining and water use impacts – and represents a wealth transfer, with uneven outcomes, from WAPA customers as a whole to particular owners of coal generation. We urge WAPA to conduct an audit of supplemental power purchases and assess how costs

and benefits have been distributed among WAPA customers and generation owners. WAPA should seek provision of renewable power, particularly wind power, to provide supplemental resources and to pair with existing hydropower to lessen stress on the hydrological system.

We are also aware that, in periods of flood, that dams are 'spilling' water that could be used to generate electricity because this power cannot either be transmitted, dispatched or marketed outside the region, for example in the MISO region where it could offset dirtier and more expensive power – a win/win situation for WAPA and greater Midwestern customers. We urge WAPA to seek to resolve this and other 'seams' issues that prevent wider transmission of renewable power.

Finally, we want to affirm our support of a productive partnership between WAPA and Native American Tribes in the Upper Great Plains region. These Tribes have been historically dispossessed of the best lands in the region to make way for the dams and reservoirs that generate the hydropower distributed over the WAPA system. Having been deprived of the region's water, they have been left with the wind. Tribes have expressed an interest in developing the abundant wind power in the region. WAPA should do much more to support these efforts and serve Native American communities.

Signed,